

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

HOME TELEPHONE COMPANY	)	
	)	
Petition for suspension or modification of	)	
the applicability of the requirements of	)	Docket No. 03-0733
Section 251(b)(2) of the federal	)	
Telecommunications Act of 1996, 47	)	
U.S.C. 251(b)(2), pursuant to Section	)	
251(f)(2) of said Act; for entry of an	)	
Interim Order; and for other necessary and	)	
appropriate relief.	)	

REBUTTAL TESTIMONY

OF

ERIC SCHMIDT

ON BEHALF OF

HOME TELEPHONE COMPANY

February 16, 2004

OFFICIAL FILE  
DOCKET NO. 03-0733  
Home  
Schmidt  
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**PREPARED REBUTTAL TESTIMONY  
OF ERIC SCHMIDT**

**I.C.C. Docket No. 03-0733**

1    **Q.    Please state your name, business address and position with Home Telephone**  
2       **Company.**

3    A.    My name is Eric Schmidt. My business address is 501 North Douglas Street, St. Jacob,  
4       Illinois 62281. I am the Vice-President of Home Telephone Company.

5    **Q.    Did you previously file Prepared Direct Testimony in this Docket?**

6    A.    Yes.

7    **Q.    What is the purpose of your rebuttal testimony?**

8    A.    My rebuttal testimony addresses the Direct Testimony of Staff witnesses Jeffery H.  
9       Hoagg, Russell W. Murray and Robert F. Koch.

10   **Q.    Have you had an opportunity to review the Direct Testimony of Jeffrey H. Hoagg in**  
11       **response to Home Telephone's petition filing for a suspension of the Wireline to**  
12       **Wireless LNP implementation?**

13   A.    Yes I have. Mr. Hoagg appears to have made a very thorough analysis of the issues  
14       facing Home Telephone Company and its subscribers in connection with the prospect of  
15       potentially being required to provide wireline to wireless local number portability (W-W  
16       LNP).

17   **Q.    What conclusions did Mr. Hoagg make in connection with the question whether the**  
18       **Commission should grant Home Telephone Company a suspension of the wireline to**  
19       **wireless LNP requirement?**

20 A. He concluded that imposition of the costs associated with deployment of W-W LNP  
21 would cause a “significant adverse economic impact on users of telecommunications  
22 services generally” for Home Telephone subscribers. (ICC Staff Exhibit 1.0, p. 8). He  
23 also concluded that a temporary suspension of the FCC’s W-W LNP requirements would  
24 be consistent with the public interest, convenience and necessity. (ICC Staff Exhibit 1.0,  
25 p. 13).

26 **Q. What was the basis of Mr. Hoagg’s conclusion that imposition of the costs associated**  
27 **with deployment of W-W LNP would cause a “significant adverse economic impact**  
28 **on users of telecommunications services generally” for Home telephone subscribers?**

29 A. In reaching this conclusion, Mr. Hoagg compared the cost per access line per month that  
30 is estimated to be recovered through end user charges to the subscribers of Home  
31 Telephone Company with SBC Illinois’ monthly LNP surcharge, which he identified as  
32 \$0.28. (ICC Staff Exhibit 1.0, p. 8). He found that the estimated per-line surcharge for  
33 Home is notably higher than the comparable figures for SBC Illinois and Verizon, which  
34 are the currently available Illinois benchmarks. (ICC Staff Exhibit 1.0, p. 8). He also  
35 found the estimated per line surcharge for Home subscribers to be unduly high in the  
36 context of the expected demand for (and subscriber benefits associated with) W-W LNP  
37 at this time. (ICC Staff Exhibit 1.0, p. 9). Mr. Hoagg stated that the application of  
38 judgment, in this case, warrants a temporary suspension of W-W LNP requirements.  
39 (ICC Staff Exhibit 1.0, p. 8).

40 **Q. Was that the extent of Mr. Hoagg’s analysis of the “significant adverse economic**  
41 **impact” test?**

42 A. No. Mr. Hoagg also performed a thorough cost/benefit analysis of wireline to wireless  
43 LNP to the subscribers of Home Telephone Company. (ICC Staff Exhibit 1.0, pp. 9-11).  
44 As part of his analysis Mr. Hoagg looked at the evidence of demand for W-W LNP in  
45 Illinois in the less than three months since it was first implemented and found that the  
46 demand for and benefits associated with W-W LNP are likely quite low for Home  
47 subscribers at this time. He once again used SBC Illinois and Verizon as benchmarks and  
48 found that approximately .02 percent of Verizon's subscribers and .017 percent of SBC  
49 Illinois' subscribers in its "Midwest region" had elected to port their landline numbers to  
50 wireless service. (ICC Staff Exhibit 1.0, p. 11).

51 **Q. How do the W-W LNP demand rates shown for Verizon and SBC Illinois compare**  
52 **with the number and percentage of inquiries that Home Telephone has had with**  
53 **respect to W-W LNP?**

54 A. These percentages are in line with (although higher than) what Home Telephone has seen  
55 in the nature of inquiries about wireline to wireless LNP. In my direct testimony I said  
56 that we had had no such inquiries. As of the date of filing this rebuttal testimony we have  
57 still had no such inquiries. This equates to zero percent (0.00%)..

58 **Q. What were the conclusions of Mr. Hoagg's cost/benefit analysis on the "significant**  
59 **adverse economic impact" test?**

60 A. Mr. Hoagg concluded that the estimated demand for W-W LNP (and hence benefits  
61 associated with deployment of W-W LNP) currently are quite low in relation to the  
62 estimated costs Home subscribers would bear to receive those benefits. (ICC Staff  
63 Exhibit 1.0, p. 12). He stated that deployment of W-W LNP at this time would cause a  
64 "significant adverse economic impact on users of telecommunications services generally"

65 for Home subscribers, since all such subscribers would be compelled to pay an estimated  
66 \$2.80 per month to deploy the function, but very few would be likely to elect to port  
67 numbers. (ICC Staff Exhibit 1.0, p. 12). He stated further that accordingly, the  
68 Commission should grant a temporary suspension of W-W LNP requirements to forestall  
69 that significant adverse impact. (ICC Staff Exhibit 1.0, p. 12). Mr. Hoagg noted that this  
70 is particularly true in light of the fact that, under the current rules, those Home  
71 subscribers choosing not to "port" their landline telephone number to a wireless carrier  
72 (presumably because they perceive insufficient value in doing so), will pay the bulk of  
73 the costs caused by deploying W-W LNP capabilities. (ICC Staff Exhibit 1.0, p. 13). He  
74 further noted that all or most of those Home subscribers choosing to "port" their landline  
75 number to wireless service likely would have no further subscriber relationship with  
76 Home, and that these former Home subscribers thus would not contribute toward the  
77 costs of W-W LNP (recovered by Home on a per-access line basis). (ICC Staff Exhibit  
78 1.0, p. 13).

79 **Q. Did Mr. Hoagg's analysis of the "significant adverse economic impact" test contain**  
80 **any qualifications or conditions?**

81 A. No. It did not.

82 **Q. Do you agree with Mr. Hoagg's analysis and conclusions about the "significant**  
83 **economic impact" test?**

84 A. Yes. I wholeheartedly agree with his analysis and conclusions on this issue.

85 **Q. Did Mr. Hoagg address the "public interest, convenience and necessity" test?**

86 A. Yes, he did. He concluded that a temporary suspension of the FCC's W-W LNP  
87 requirements would be consistent with the public interest, convenience and necessity.

(ICC Staff Exhibit 1.0, p. 13). He noted that while there is little information available about the potential demand for wireline to wireless LNP, the available indicators suggest that the demand for and hence the benefits of requiring wireline to wireless LNP are "quite small." (ICC Staff Exhibit 1.0, p. 14). Mr. Hoagg surmised that more complete and reliable information concerning demand and benefits will be available in the future once again using SBC Illinois and Verizon as benchmarks. (ICC Staff Exhibit 1.0, p. 14). He stated that the Commission should suspend W-W LNP requirements for Home while this evidence is gathered. (ICC Staff Exhibit 1.0, p. 14).

**Q. What was the basis of Mr. Hoagg's conclusion that suspension of the W-W LNP requirement would be consistent with the public interest, convenience and necessity?**

A. Mr. Hoagg's policy analysis on this issue identifies an important consideration stemming from the current uncertainties surrounding the demand for, and costs of, W-W LNP. (ICC Staff Exhibit 1.0, p. 15). He said that these uncertainties give rise to an asymmetry in the impact the Commission's decision in this proceeding likely would have upon Home's subscribers. Mr. Hoagg stated that if the analysis presented in his testimony is correct, the risks of significant loss or "downside" from a decision by the Commission to temporarily suspend W-W LNP requirements would be "quite small." He explained that suspension would defer both the benefits and costs of W-W LNP deployment. Since any benefits that might accrue will inure primarily or exclusively to a small number of end users who port their numbers, he concluded that it is highly likely that these deferred (or foregone) costs exceed the corresponding deferred (or foregone) benefits for a 1-1/2 to 2 year suspension. Finally, he said that the same cannot be said, however, for a

Commission decision declining to grant a temporary suspension of this duration, because in such an instance, Home subscribers would be compelled to begin paying the costs of W-W LNP almost immediately. (ICC Staff Exhibit 1.0, p. 15).

**Q. Was that the extent of Mr. Hoagg's analysis of the "public interest" test?**

A. No. Mr. Hoagg also identified the differences between "2% carriers," such as Home, and larger Illinois carriers, such as SBC Illinois and Verizon, with respect to the impact of the requirement to provide W-W LNP as an important factor in the analysis of the "public interest" standard. (ICC Staff Exhibit 1.0, pp. 15-16). He said that a significant difference concerns the rating and routing arrangements for traffic to telephone numbers "ported" pursuant to the FCC's W-W LNP requirements. (ICC Staff Exhibit 1.0, p. 16). He explained that Home, and other Illinois "2% carriers," would route such traffic to the tandem switches of larger Illinois carriers, such as SBC Illinois and Verizon, while larger carriers, due in part to their vastly larger networks, are able to route their own such "ported" traffic to their own tandem switches for delivery to wireless carriers. (ICC Staff Exhibit 1.0, p. 16). Mr. Hoagg also explained that the FCC, in its W-W LNP Orders, did not resolve the rating and routing questions surrounding this traffic that are specific to "2% carriers," such as Home. (ICC Staff Exhibit 1.0, p. 16). He surmised that a significant benefit of a temporary suspension of W-W LNP requirements is the likelihood that during such suspension the FCC will issue determinations clarifying the rating, routing and compensation arrangements and procedures that are now in question. (ICC Staff Exhibit 1.0, p. 17). He stated that if the Commission does not now temporarily suspend these requirements, and the "2% carriers" prevail partially or wholly in the currently pending appeals of the FCC's W-W LNP Orders, it is possible that Home

and/or its subscribers would incur at least some costs associated with W-W LNP, even if Home ultimately were not required to deploy W-W LNP at all. (ICC Staff Exhibit 1.0, p. 18). He said that absent a Commission suspension, it appears Home would have to incur "start-up" costs to implement W-W LNP in the first half of 2004 if it is to avoid violating current federal requirements. (ICC Staff Exhibit 1.0, p. 18). Therefore, for this additional reason, Mr. Hoagg concluded that a temporary suspension is in the public interest in part because it would reduce the likelihood of this, or other similar, outcomes. (ICC Staff Exhibit 1.0, p. 18).

**Q. Did Mr. Hoagg's analysis of the "public interest" test contain any qualifications or conditions?**

A. No. I do not believe it did. At one point in the middle of his analysis, Mr. Hoagg responded to a question about whether a suspension would provide the Commission with greater certainty about the costs associated with W-W LNP, but other than the uncertainty about the rating and routing of W-W LNP traffic by "2% carriers," which the FCC has failed to address, he did not state that greater certainty about the other costs associated with W-W LNP was a condition of his opinion that a suspension would be consistent with the public interest.

**Q. Do you agree with Mr. Hoagg's analysis and conclusions about the "public interest" test?**

A. I agree with his analysis. I do not, however, agree with Mr. Hoagg's supposition that the FCC will have decided the issues regarding the cost to "2% carriers" associated with the rating and routing W-W LNP calls within the next year or two. Thus, I do not agree with Mr. Hoagg's recommendation to limit the suspension to not more than 2 years. I also do



not agree with the conditions that Mr. Hoagg attaches to his recommendation to the Commission.

**Q. What is Mr. Hoagg's recommendation to the Commission?**

A. He recommends that the requirement for Home Telephone Company to provide W-W LNP be suspended for not less than 1 ½ years but not more than 2 years. He also recommends that the Commission place language in the final order in this proceeding imposing a condition that Home file a tariff with the FCC for its LNP end user surcharge and LNP query charge within 8 months after the final order and that the approved FCC tariff (if any) be filed with any subsequent request by Home for further suspension of the W-W LNP requirement.

**Q. What is the basis of Mr. Hoagg's proposed condition that Home Telephone file its LNP surcharge tariff with the FCC during the suspension period that he recommends?**

A. Mr. Hoagg stated that the Commission should condition a temporary suspension of W-W LNP requirements upon one specific commitment that would take effect in the event Home Telephone petitions the Commission for any further suspension or modification of W-W LNP requirements. (ICC Staff Exhibit 1.0, p. 19). He said that Home should now commit to provide (in initial testimony in any future proceeding concerning further suspension or modification of W-W LNP requirements) an approved FCC tariff specifying the per-access line surcharge that would be imposed on Home subscribers as a result of deployment of W-W LNP. (ICC Staff Exhibit 1.0, p. 19). He believes that this condition will enable the Commission to consider, with greater certainty than is now

possible, the costs and economic impacts “on users of telecommunications services generally” associated with deployment of W-W LNP. (ICC Staff Exhibit 1.0, pp. 19-20).

Mr. Hoagg summarized his position by recommending that the Commission require Home Telephone to:

(1) within eight months of a final Commission Order, submit a tariff to the FCC setting forth the W-W LNP implementation costs Home seeks to recover through end user and query cost charges, and

(2) include that FCC-approved tariff (if such tariff has been approved) in any future application for further suspension or modification of W-W LNP requirements. (ICC Staff Exhibit 1.0, p. 20).

In a footnote to his direct testimony, however, Mr. Hoagg recommended the following language for the Commission’s Order: “if Home makes the necessary good faith efforts, but is unable to meet this condition due to actions or inactions by the FCC (or for other reasons outside of Home’s direct control), this fact alone would not disqualify Home from petitioning the Commission for further suspension or modification of W-W LNP requirements.” (ICC Staff Exhibit 1.0, p. 19).

**Q. What is your concern with Mr. Hoagg’s recommendation that the Commission require Home Telephone Company to file its LNP tariff with the FCC before the end of the recommended suspension of the W-W LNP requirement?**

A. First, Mr. Hoagg appears to state that Home’s agreement to file the FCC tariff is a condition of his recommendation that the Commission suspend the W-W LNP requirement despite the results of his analysis which show that Home passed both the “significant economic impact” test and the “public interest” test without the condition. Second, the condition appears inappropriate based on our understanding of the FCC process for filing tariff rates to recover LNP implementation costs. It is our

understanding that in order to file a tariff for recovery of the LNP implementation costs with the FCC, the Company must implement LNP and be capable of offering LNP service to its customers. This understanding is based on consultation with one of our management consultants. We have been provided with the following quote from the FCC's Order regarding LNP implementation:

"Under the requirements we adopt today, an incumbent LEC may recover its carrier-specific costs directly related to providing long-term number portability to **end users by establishing a monthly, number portability charge in tariffs filed with the Commission.** We determine, however, that recovery from end users should be designed so that end users generally **receive the charges only when and where they are reasonably able to begin receiving the direct benefits of long-term number portability.** (FCC Third Report and Order, CC Docket 95-116 released May 12, 1998, paragraph 142)(Emphasis Added).

The inconsistency is that if the ICC grants the suspension of the W-W LNP requirement that Home has requested (and which Mr. Hoagg's analysis shows is appropriate), LNP will not be available to our subscribers so we will not be able to in good faith file a tariff with the FCC for our LNP end user surcharge.

Finally, it is our understanding that the filing of an LNP end user charge with the FCC also includes the termination date for the assessment of that charge, which is a 60-month window under the FCC orders. The approval of a tariffed LNP end user charge by the FCC would start the 60-month recovery period for Home Telephone Company at that point in time, but no actual recovery would be occurring because the service would not be available to our subscribers. Thus, the company's ability to recover the costs of implementing LNP through the end user charge would effectively be negated for the entire suspension period.

233 **Q. Couldn't the Company simply file its LNP tariff with the FCC with an effective date**  
234 **that is delayed until the end of the suspension period approved by the Illinois**  
235 **Commission?**

236 A. I do not believe that would be allowed. The information that we have from our  
237 management consultant suggests that such a filing would not be accepted by the FCC.  
238 We have asked our consultant to make specific inquiry of the FCC Staff to see if such a  
239 filing could be made, but as of the date of the prefiling of this rebuttal testimony no  
240 answer has been received.

241 **Q. What are the potential problems with such a filing?**

242 A. First, since we haven't incurred all the costs of implementing LNP (and we will not incur  
243 those costs at this time if the Commission grants the suspension), we would not have  
244 appropriate supporting data to give to the FCC with the tariff filing. Second, since we are  
245 not ready to offer the service (and we will not be ready to offer the service at the time of  
246 the proposed FCC tariff filing if the Commission grants the suspension), the tariff filing  
247 would violate the FCC Order cited above. Third, even if we could file such a tariff, since  
248 the condition appears to be directed at a subsequent filing by the Company with the  
249 Illinois Commission for a further suspension of W-W LNP at or near the end of the  
250 suspension that would be granted in this proceeding, we would have to be able to  
251 withdraw the FCC tariff before it became effective if such a further suspension was  
252 granted. It is not clear that the FCC would permit us to withdraw the tariff. Our  
253 consultant has posed this question to the FCC Staff, but as of this date no response has  
254 been received. If we could not withdraw the tariff, then any further suspension would be  
255 meaningless because we would lose a portion of the limited time (60 months) that we

would have to recover the costs of implementing LNP through our FCC end user surcharge. Finally, if a tariff were filed with the FCC that contained a delayed effective date, the FCC would not likely approve the filing until close to the effective date, so the "approved FCC tariff" that Mr. Hoagg has recommended we be required to file with any subsequent petition for suspension would not be available.

We therefore conclude that the two conditions referenced by Mr. Hoagg are inconsistent with the approval of a suspension, which he supports.

**Q. What if anything could be done to satisfy Mr. Hoagg's apparent concern for more reliable cost data?**

A. It is our understanding that from time to time the FCC Staff in the tariff section provides feedback on proposed tariffs that are given to them informally in advance. We would be willing to submit our proposed LNP tariff to the appropriate FCC Staff on such an informal basis and provide any and all feedback that we receive from them to the Illinois Commission with any petition for suspension of LNP that Home might file in the future.

**Q. Do you have any comments regarding Mr. Hoagg's opinion that Home Telephone Company has received a bona fide request for number portability from at least one wireless carrier?**

A. Yes, as I stated in my direct testimony in this case, Home Telephone still believes that the initial correspondence it received does not necessarily meet the criteria for a specific request for local number portability due to the expanded scope of the requirement for "local" number portability that is beyond our service area. However, the determinations regarding that issue are still up for appeal based on recent FCC orders and we do not believe this matter needs to be determined by the Commission in this proceeding. It

would be our preference not to have a determination by the Illinois Commission that we have received a specific request for LNP if for example the FCC Order is overturned on appeal.

**Q. Mr. Hoagg recommends that the Commission grant a suspension of the LNP requirements for a period of not less than 1 ½ years and not more than two years in this proceeding. Does Home Telephone Company believe this suspension period to be adequate?**

**A.** While Home Telephone Company is in agreement with Mr. Hoagg that the granting of the suspension will be necessary to avoid an adverse economic impact on its customers and provide time for some of the problems with the FCC LNP requirements to be resolved, we feel that a two year suspension may not be enough time. Given the network routing and rating cost recovery uncertainties created by the recent FCC LNP orders, we feel a two-year timeframe may not allow for satisfactory resolution at the FCC on these issues. If Staff's estimate of the time required for the open issues to be resolved by the FCC is not correct, Home would be required to come back to this Commission (and bear additional regulatory expense) in order to request a further suspension of the W-W LNP requirement.<sup>1</sup> In such an event, the petition by Home for a further suspension would have to be filed 6 months before the end of the suspension period granted in this proceeding. A two year suspension would mean that if the FCC had not finally resolved the open issues (including all appeals thereof) within 1 ½ years or less, Home would have to refile for further suspension at that time. In all likelihood Home would need to file

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<sup>1</sup> Mr. Hoagg's direct testimony appears to contemplate such a filing by Home for a further suspension of the W-W LNP requirement.

even sooner so that it would have sufficient time for implementation if this Commission decided not to grant such a further suspension. We would respectfully request the suspension of the W-W LNP requirement be granted for a period of no less than three years. If the FCC open issues are resolved sooner than expected and this Commission Staff presents the Commission with a Staff Report indicating a belief that there is sufficient demand for W-W LNP to warrant revisiting the suspension in this proceeding sooner than 3 years, then the Commission always has the ability to reopen this docket or to open a separate docket to investigate the matter.

**Q. Have you had an opportunity to review the Direct Testimony of Russell W. Murray in response to Home Telephone's petition filing for a suspension of the Wireline to Wireless LNP implementation?**

A. Yes I have.

**Q. Do you have any comments on the direct testimony provided by Mr. Murray?**

A. No. I do not.

**Q. Have you had an opportunity to review the Direct Testimony of Robert F. Koch in response to Home Telephone's petition filing for a suspension of the Wireline to Wireless LNP implementation?**

A. Yes I have.

**Q. Do you have any concerns regarding the direct testimony of Mr. Koch?**

A. Yes I have. Mr. Koch has made several adjustments to the financial analysis provided by Home Telephone Company which eliminate or significantly reduce the estimated costs of providing LNP service. I disagree with some of the adjustments proposed by Mr. Koch.

322 **Q. Can you describe for us those adjustments Mr. Koch proposes and provide the**  
323 **reasoning for your disagreement?**

324 A. Yes. The first such adjustment Mr. Koch proposes is referenced on page 11, lines 216-  
325 221 of his direct testimony. (Staff Exhibit 3.0). Mr. Koch states that the FCC allows for  
326 recovery of query costs via a query charge to other carriers. I believe Mr. Koch  
327 misunderstands the application of this charge, as well as the cost item included in our  
328 analysis. The query costs to be recovered from other carriers is for LNP querying service  
329 provided to other carriers by the LEC. This is the charge that will be assessed to Home  
330 Telephone by our LNP database provider (SBC) and is reflected as the query costs  
331 included in our analysis. Home Telephone Company will not be providing LNP database  
332 querying services to other carriers. The query costs in our analysis are directly related to  
333 Home Telephone providing LNP capabilities to the end users and for which there is no  
334 current cost recovery mechanism.

335  
336 Next, Mr. Koch proposes to eliminate the company's legal and regulatory costs  
337 associated with implementing LNP service (ICC Staff Exhibit 3.0, pp. 11-12, lines 226-  
338 238). We believe these costs to be legitimate direct costs of implementing LNP service.  
339 Absent the implementation of this service capability, the company would not incur the  
340 costs to evaluate and execute contracts specific to LNP service provision or assess the  
341 possible impacts on essential customer services like 911 and other issues that arise with  
342 LNP service implementation.

343  
344 Mr. Koch also proposes eliminating the LNP technical training expense for more than  
345 one technician (ICC Staff Exhibit 3.0, p. 12, lines 243-250). Mr. Koch states that training



346 more than one company employee seems imprudent. I disagree with Mr. Koch on this  
347 issue. In any company it is imperative to have coverage for essential functions. In a  
348 small company like ours it is absolutely vital that we have more than one employee  
349 trained to handle technical functions that could affect service. Because our employee  
350 base is limited, we rely very heavily on our cross-trained employees to cover essential  
351 functions when the primary employee for those functions is not available due to vacation,  
352 illness, retirement, or other unforeseen circumstances. A minimum of two trained  
353 employees is necessary in order to be prepared to deal with workload management and  
354 expected, as well as unexpected employee absences. For this reason, we feel it is a  
355 legitimate and prudent expense to provide for the training of two technical employees  
356 from our company and the expense should be included in the analysis. To avoid this  
357 additional front end cost in implementing a new service as complex as LNP would be  
358 managerially irresponsible. We believe that providing training for 2 of our central office  
359 staff is not only appropriate but essential.

360 **Q. Do you have any comments regarding Mr. Koch's concern on lines 270-274 of his**  
361 **direct testimony as to whether Home's LNP software cost (as displayed in your**  
362 **Exhibit 1.3) is a true incremental cost of adding this capability in your switches?**

363 A. Yes, the LNP Software cost shown on Home Exhibit 1.3 represents the specific  
364 incremental cost of only LNP capability for our switch.

365 **Q. Do you have any other comments regarding the direct testimony of Mr. Koch to**  
366 **provide?**

367 A. Yes. On page 9 of his testimony, (ICC Staff Exhibit 3.0), Mr. Koch provides the  
368 following statement:

369 "There are two cost-related circumstances that are of concern. First, Home  
370 does not currently provide wireline to wireline LNP. Because of this fact,  
371 Home would need to recover all LNP related costs for the sole purpose of  
372 providing wireline to wireless LNP. This is in contrast to carriers that  
373 already have LNP capabilities, whose incremental cost of extending the  
374 capability to wireless carriers is minimal at best."  
375

376 In this statement Mr. Koch has provided a succinct and accurate description of several  
377 key elements that support our request, and staff's recommendation, for a suspension of  
378 the W-W LNP obligations.

379 **Q. Please summarize your rebuttal testimony and your request to the Commission with**  
380 **respect to the requested suspension of the Wireline to Wireless LNP requirement?**

381 **A.** While I do not agree with the adjustments that Staff witness Koch made to our estimates  
382 of the cost of providing wireline to wireless LNP, his adjustments did not affect Mr.  
383 Hoagg's analysis of the two tests that Home Telephone Company must pass in order to  
384 be granted the suspension that it is requesting, and therefore these issues need not be  
385 addressed by the Commission. The Commission also need not address the question  
386 whether Home has received a specific request for W-W LNP. The Commission should  
387 suspend the requirement for Home Telephone Company to provide W-W LNP for a  
388 period not less than 3 years. Finally, the Commission should not impose a condition that  
389 Home file its LNP end user surcharge tariff with the FCC tariff during any suspension  
390 that the Commission may grant.

391 **Q. Does this conclude your testimony?**

392 **A.** Yes it does.